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WHY DO LESS THAN A QUARTER OF THE UNEMPLOYED IN BRITAIN RECEIVE UNEMPLOYMENT INSURANCE?

John Micklewright*

Abstract

Much of the debate on the impact of unemployment compensation on labour markets reveals an ignorance of the actual workings of unemployment benefit schemes. This paper uses unpublished data derived from the administration of unemployment insurance (UI) in Britain to show why it is that less than a quarter of the British unemployed stock actually receive UI.

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INTRODUCTION

In November 1989, only 1 in 5 unemployed persons in Britain were receiving National Insurance Unemployment Benefit: 18% of unemployed men and 25% of women. These figures refer to the unemployed who were claiming benefits; the low coverage of insurance benefit in the data concerned is not explained by the failure to apply for payment. The National Insurance scheme, the traditional corner-stone of the British system of financial support during unemployment, does not provide cover for the majority of the unemployed claiming benefits at any one time.

The low coverage of insurance benefit has led to a corresponding dependence on means-tested assistance. In November 1989, 2 out of every 3 men claiming unemployment benefits, and 1 in 2 women, received only means-tested Income Support (the data on which these calculations are based are described in the Appendix). It is means-tested benefit, rather than insurance benefit, which is the principal source of income from the state for those currently unemployed in Britain today. This has in part resulted from long-term unemployment leading to exhaustion of entitlement to National Insurance benefit, but also from government policy which has progressively restricted access by the unemployed to payments from the state insurance system (Atkinson and Micklewright, 1989).

The low level of coverage of National Insurance (NI) benefit amongst the unemployed in Britain is a cause for concern; whether the unemployed receive insurance or means-tested benefit should not be a matter of indifference. The dominance of means-tested benefit has serious implications for both the generosity of financial support during unemployment and the operation of the labour market. As far as the former is concerned, the level of income received may differ under the two types of benefit. The fact that some unemployed people receive Income Support in addition to National Insurance benefit (1 in 3 of men with insurance benefit in November 1989 and 1 in 10 of women) shows that the latter does not always provide a higher payment. But for those claimants with other sources of income of their own, or within the immediate family, the level of support from insurance benefit may well be superior.¹ This will typically be the case for a married claimant whose spouse is at work, the income of the spouse being taken into consideration in the calculation of Income Support entitlement.

The reduction of benefit through the family means-test in turn has consequences for incentives to work for the spouse. This is on account of the high implicit marginal rate of tax applied to his or her income via the means-test, the rate being 100% on earned income

¹See Atkinson and Micklewright (1985) Table 7.5 for evidence based on a sample of the unemployed from the 1970s.

in excess of a small disregard (£10 per week in 1988/89). Evidence suggests that the negative effect on incentives for spouses of the unemployed of this aspect of means-tested benefit may be considerable (Dilnot and Kell, 1987, Garcia, 1989, Kell and Wright, 1990). Insurance benefit does not have the same implications for labour supply.² In addition, its existence may provide an incentive to enter the labour force and to work in the formal rather than the informal economy (Atkinson and Micklewright, 1990).

This paper investigates the different reasons why unemployed persons do not receive unemployment insurance benefit in Britain. Why is it that less than a quarter of the unemployed claiming benefits at any one time receive payments from the National Insurance scheme? How important really is exhaustion of entitlement? Do many of the unemployed have too poor a contribution record to receive National Insurance benefit? How has the position changed since the 1970s? How did the unemployment insurance system cope with the record levels of unemployment in the mid-1980s? Is the low level of coverage today the result of a decline in traditional full-time employment and the rise in self-employment, part-time and temporary employment? These sorts of questions are relevant not only to Britain; a low proportion of the unemployed receiving unemployment insurance can be seen in various OECD countries e.g. France, Germany and the US (Micklewright, 1990).

Section I deals with the preliminaries. It documents the decline in coverage of National Insurance unemployment benefit, outlines the essential features of the British system of state insurance against unemployment, discusses different measures of coverage, and describes the data used in the ensuing analysis. These data, collected by the Department of Social Security in the form of twice-yearly 5% samples of the claimant unemployed stock, record the official reason for non-receipt for those with no insurance benefit in payment. They form the basis for a limited number of tabulations in the annual government publication Social Security Statistics, but none of these concern the reasons for non-receipt of insurance benefit. Indeed, the lack of published information on the outcomes of the National Insurance unemployment benefit scheme is one of principal reasons for this paper. The analysis presented in the paper uses data drawn from the ten years 1979-1988. Section II considers the most important reasons why the unemployed claiming benefits do not receive insurance benefit, showing how their impact changes with duration of unemployment and the age of the claimant. Section III concludes.

²A dependant's addition to NI benefit is payable if the spouse's weekly earned income is less than the amount of the addition (which was £20.20 in 1988/89). If it exceeds this level, the entire addition is lost and the effect is therefore to produce a discontinuity in the budget constraint.

I. UNEMPLOYMENT INSURANCE IN BRITAIN

i) The Decline of UI

The emergence of the current position, with insurance benefit received by a minority of the unemployed stock and means-tested benefit by the majority, is illustrated in Figure 1. This shows, for men, the proportion of stock in each year from 1960 in receipt of National Insurance benefit (with or without means-tested supplementation) and the proportion receiving means-tested benefit only. The data refer to the unemployed claiming benefits and the figures for each year are averages of 100% quarterly counts (further details are given in the Appendix). The principal means-tested benefit received by the unemployed in Britain has had various names over the period (National Assistance from 1948-66, Supplementary Benefit from 1966-88, and Income Support from 1988), and in view of this it is labelled in Figure 1 as "Unemployment Assistance" (UA), this name being used throughout the paper. The term "Unemployment Insurance" (UI) is used for National Insurance unemployment benefit.

Throughout the 1960s, over a half of male benefit claimants in the unemployed stock received unemployment insurance (UI) with about a quarter receiving just assistance benefit (UA). Since 1971, however, the coverage of UI has exceeded 50% for men in just one year, 1981 (it should be noted that the figure for this year is based on only one quarter), and with the exception of 1980, 1981 and 1985, coverage has fallen in every year from 1975, dropping beneath a quarter in 1988 to a fifth in 1989.

The position for women is shown in Figure 2. The top half of the diagram shows that this has been little different, coverage of UI being somewhat lower than for men in the 1970s and notably higher in the 1980s. A generally declining coverage of insurance benefit through the two decades is again apparent. As with the men, the proportion with only UA has exceeded the proportion with UI since 1982, there being the similar marked divergence between the two series in recent years. The bottom half of the diagram shows, however, that the picture for married and single women has not been the same. The proportion of married unemployed women receiving UI in 1989, some 45%, is much higher than that for single women or for men, although the decline of some 20 per cent points since 1981 has been similar. Only 17% of single unemployed women received UI in November 1989, compared to nearly 50% in the early 1970s when coverage was comparable to that for married women. The pattern for single women over the period is similar to that for men, while the coverage of married unemployed women actually rose during the 1970s.

Why is the coverage of insurance benefit so low? How can the patterns in Figures 1 and 2 be explained? To those familiar with the benefit system in Britain, a number of causes suggest themselves. For those with only a passing acquaintance, the most obvious is

Fig. 1a: UNEMPLOYED MEN WITH U.I.

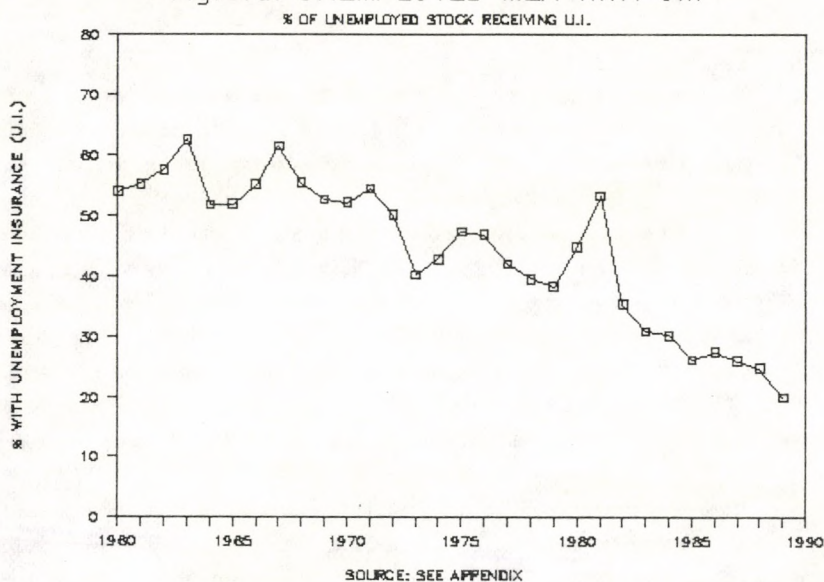


Fig. 1b: UNEMPLOYED MEN WITH U.A. ONLY

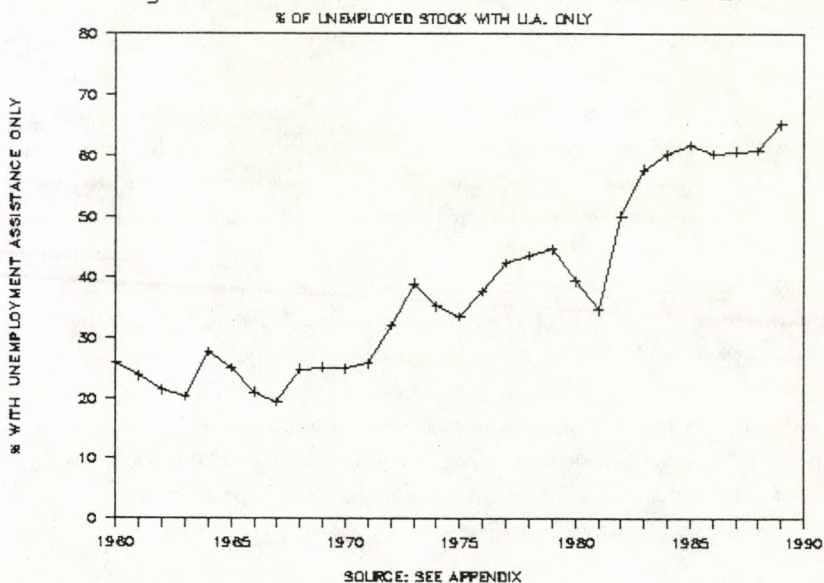


Fig. 2a: UNEMPLOYED WOMEN WITH BENEFITS

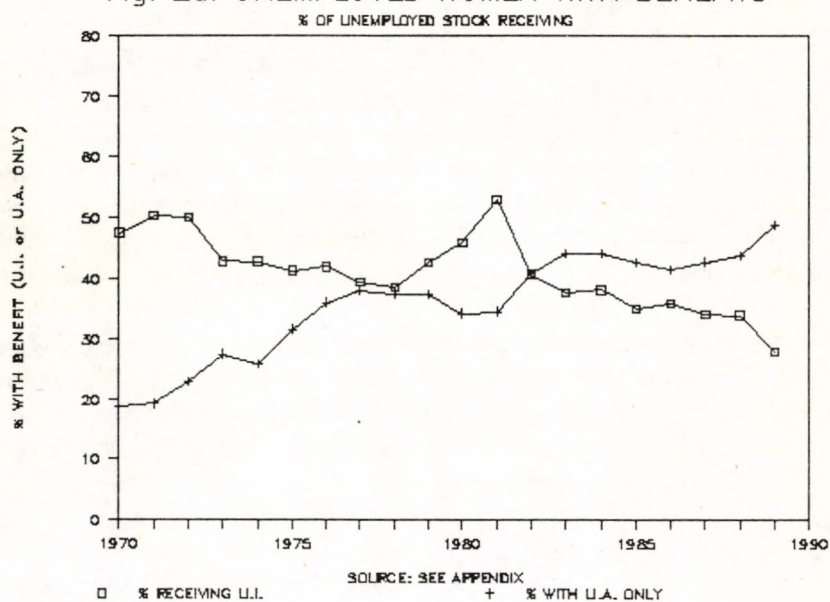
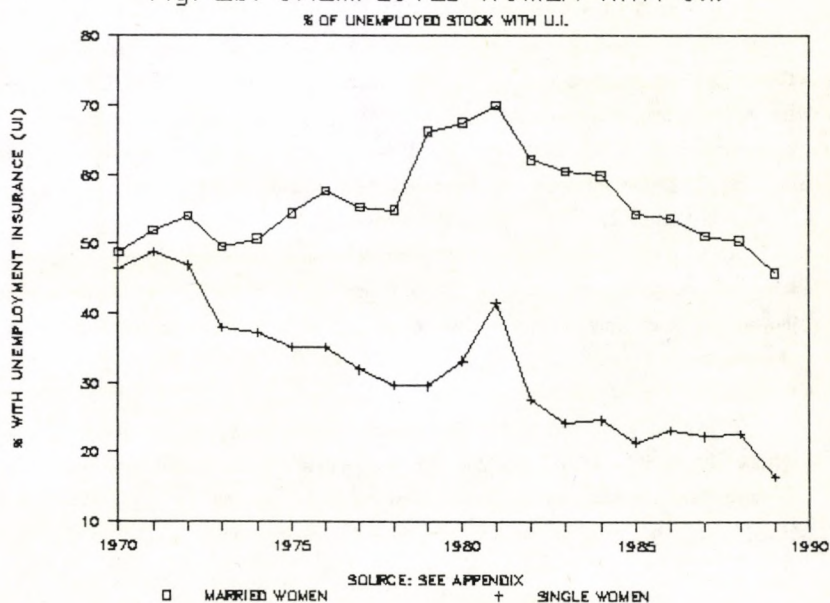


Fig. 2b: UNEMPLOYED WOMEN WITH U.I.



long-term unemployment; in general, UI is not payable in Britain if unemployment lasts more than a year. The number of long-term unemployed has certainly been an important reason for the low coverage by UI of the unemployed stock. But we cannot look for an explanation of coverage only in terms of long-term unemployment; the proportion of the unemployed without UI at any one time greatly exceeds the proportion in long-term unemployment. For example, in November 1989, 37% of the unemployed claiming benefit had been unemployed for over a year but 80% of claimants had no UI. There must be important reasons, other than long-term unemployment, why those claiming payment do not receive insurance benefit (and we cannot in any case assume that all the long-term unemployed previously received UI).

The level of UI coverage has therefore to be explained. The same is true of changes in UI coverage. The proportion of long-term unemployed, although a very important determinant of aggregate receipt, does not fully explain changes in UI coverage over time. For example, the proportions of both male and female unemployed in spells of over a year peaked in 1987 but UI coverage for both sexes continued to fall during 1988-89.

The importance of reasons other than exhaustion in any explanation of the coverage of UI is underlined by Figure 3. This refers to men and restricts attention to those unemployed for less than a year: the long-term unemployed are therefore excluded. The proportion of men in the unemployed stock receiving UI in spells of less than a year has been below one half since 1983. There appears to have been a growing problem of non-receipt for those unemployed less than 12 months.

ii) The British UI System

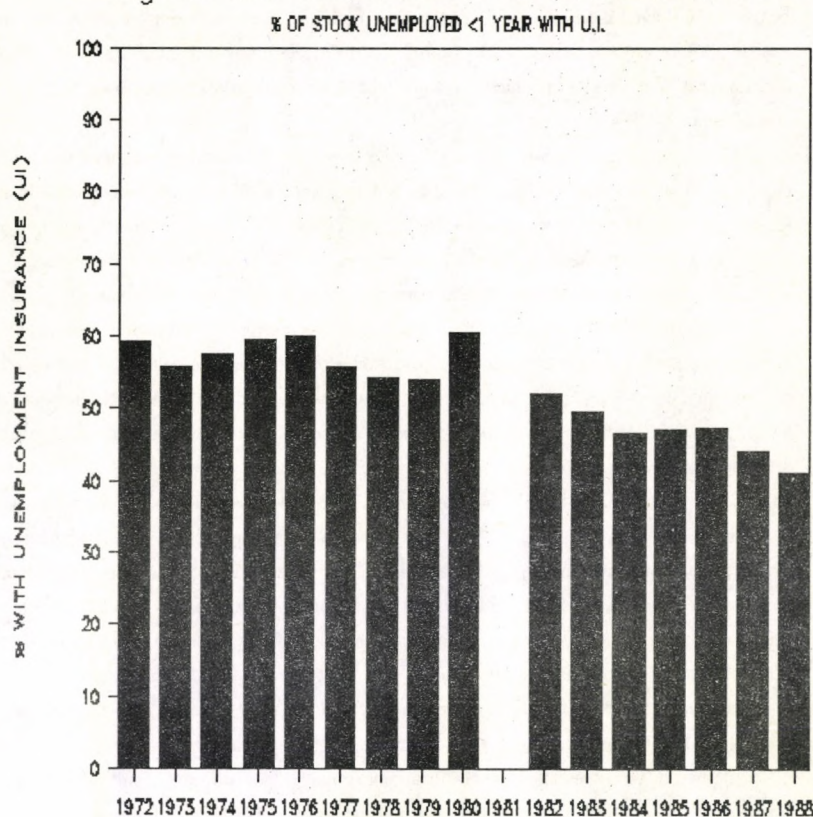
Only a brief outline of the rules regarding receipt of unemployment insurance in Britain is given here. For a detailed account of the 1970s unemployment benefit system, see Atkinson and Micklewright (1985, chapter 2), and Atkinson and Micklewright (1989) for a description of the changes during the 1980s. The account below glosses over many of these details and is intended only to convey the essentials (some details will emerge where relevant in Section 2).

As in other countries, receipt of unemployment insurance in Britain is governed by three principal rules concerning (i) the definition of a satisfactory contribution record, (ii) the manner of entering unemployment and conduct while unemployed, and (iii) the duration of entitlement.

Contribution Record

Two conditions need to be satisfied and there were significant changes to both in October 1988. Prior to this date, the rules were broadly speaking that, first, a claimant had to have paid contributions on a stipulated value of earnings in any previous tax-year (April-April) and, second, earnings of twice this amount were needed in the tax year

Fig. 3: MEN UNEMPLOYED < 1 YEAR WITH UI



SOURCE: SEE APPENDIX ('81 data missing)

immediately preceding the year in which the claim for UI was made. But for the purpose of the second condition, these earnings could be "credited" in circumstances described below. To have qualified for UI, a person entering unemployment in 1988 would have needed earnings of at least £1,950 during 1986/87 (assuming no crediting) and more than this if earnings had fluctuated around the lower threshold for National Insurance contributions.³

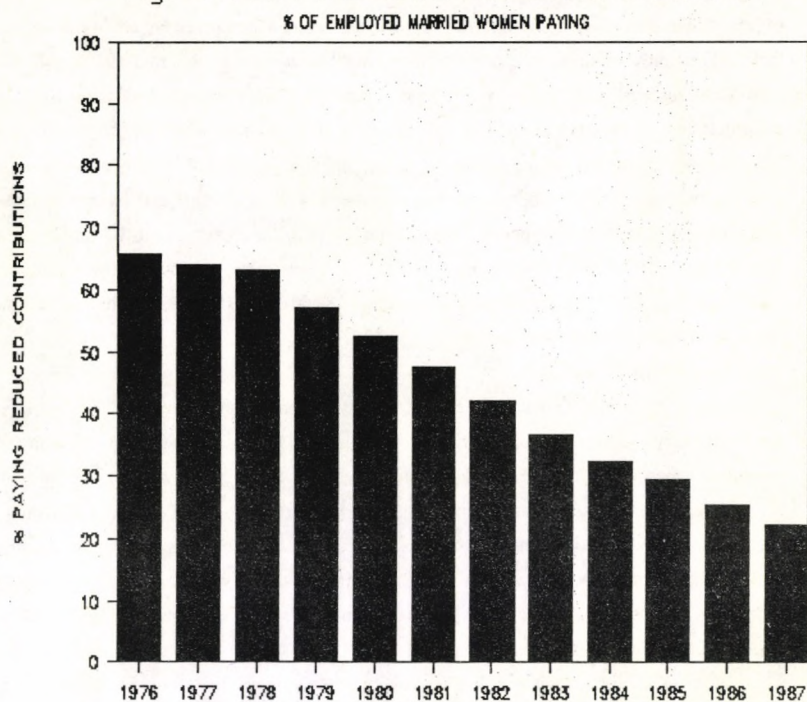
Crediting occurs during any week when a person is claiming unemployment benefits (UI or UA) or sickness/invalidity benefits and is a crucial feature of the National Insurance scheme. In the case of unemployment, the effect of crediting is to ameliorate the impact that a week of unemployment would otherwise have on a person's contribution record. The effect of crediting is to impute annual earnings, towards the necessary total, at the level of the lower threshold for contributions. The second contribution condition can be satisfied even if a person has spent the entire relevant contribution year in registered unemployment. In this way, in the pre-1988 system, past unemployment did not have a deleterious impact on a person's contribution record (although it could affect the duration of benefit, as described below).

Since October 1988, this has no longer been the case. Both conditions have been tightened substantially. Notably, the first condition, concerning the level of earnings on which a claimant must have paid contributions, now refers to the immediately preceding tax year (rather than any year as previously). A significant amount of unemployment during one tax-year now substantially reduces the probability of receipt of UI in a future calendar year and an entire tax-year spent unemployed rules out future receipt altogether in a future year. And the second contribution condition now requires the relevant level of paid or credited earnings in each of the two preceding tax-years.

It should be noted that some forms of employment do not result in contributions which lead to qualification for UI. Part-time work resulting in earnings beneath the National Insurance threshold is one example. The contributions made by the self-employed also fall into this category; self-employment does not result in UI cover. The same applies to those employed married women paying a "reduced rate" contribution. Prior to May 1977 married women had a right to choose whether to pay a lower level of National Insurance contributions which, amongst other things, brought no entitlement to UI. Those that made that choice continued to have the right to carry on paying contributions at the reduced rate

³National Insurance contributions are earnings-related in Britain, but are not payable if weekly earnings fall below a certain level, £39 during 1986/87. For each week of employment in which earnings dipped below £39, in 1986/87, no contributions would be payable and a week in which earnings were £78 would be needed to make-up the required annual earnings.

Fig. 4: REDUCED RATE N.I. CONTRIBUTIONS



SOURCE: SEE APPENDIX

after 1977, again with no UI cover.⁴

The prevalence of reduced rate contributing amongst married women is given in Figure 4, which shows the proportion of married women employed at any time in the year, from whom only reduced rate contributions were collected. In the mid-1970s, two-thirds of employed married women were in this category. Since then the figure has declined substantially but in 1986/87 it was still the case that more than a fifth chose to contribute at a rate providing no insurance cover during unemployment (all of whom were of course married before 1977). On the face of it, the fall in the numbers paying reduced rate contributions may be an important explanation of why the coverage of UI amongst married unemployed women rose in the late 1970s. However, the continued fall in reduced rate contributing in the 1980s has been accompanied by falls in UI coverage for married women, rather than the expected rise.

Duration of Entitlement

Unemployment insurance in Britain is payable for a maximum of 52 weeks. This does not vary with the contribution record; in contrast to the situation in many OECD countries, where length of entitlement may vary with earnings or weeks of employment in the base period, the 52 weeks of entitlement in Britain apply to all persons who qualify for UI. It is not subject to extension in areas of high unemployment, which again distinguishes the system from that operating in some countries. However, entitlement to UI can be exhausted before a spell of unemployment has lasted a year, and in this way not all individuals face a 52 week benefit period when starting each spell of unemployment. This is on account of the provisions linking together separate spells of unemployment separated by only short periods of time. If two spells of unemployment are separated by less than 13 weeks (13 weeks prior to September 1980), then they are treated as one for the purposes of the duration of UI entitlement, a feature of the unemployment benefit system sometimes known as the "linked-spells" rule. In this way, UI entitlement can be exhausted before a spell of unemployment is a year long. Once UI entitlement has been exhausted, a further claim will not be allowed until the individual has worked for 13 weeks.

This possibility of "early" exhaustion is not widely recognised, not least among those who comment adversely on the longer duration of UI in Britain compared to the United States. It should be noted that the linked-spells rule applies to all separations, regardless of the reason for the start of each spell of unemployment; it applies equally in the case of layoff (permanent or temporary) and voluntary quitting, although the latter could lead to additional penalties described below.

⁴The option may be cancelled at any time by the worker, and this occurs automatically in the case of divorce or withdrawal from the labour force for two consecutive tax-years.

A consequence of the linked spells rule is that it is not only long-term unemployment which may result in exhaustion of UI entitlement. "Early" exhaustion will be a result of recurrent unemployment, a prominent feature of unemployment in Britain. As is well known, the distribution of unemployment in Britain (as in most countries) is unequal, a minority of the workforce accounting for most of the unemployment.⁵ To the extent that higher rates of unemployment are associated with greater recurrence, one would expect to see more exhaustion of benefit independent of the proportion of the unemployed who are long-term.

Entry into Unemployment and Behaviour when Unemployed

In common with other countries, Britain has a UI system which can impose substantial penalties on "voluntary" unemployment although this is often overlooked by those who view the system as offering the possibility of a "benefit holiday". Benefit may be refused if a person has entered unemployment voluntarily "without just cause" or as a result of industrial misconduct. It is conditional on being available for work and may be withdrawn if job offers are refused. Availability, which requires a regular declaration and proof of search activity if requested, is a condition for benefit. Voluntary quitting, misconduct and job refusal can lead to suspension of benefit. The maximum disqualification period was set at 6 weeks in 1948, but this was extended to 13 weeks in 1986 and then to 26 weeks in 1988. Benefit entitlement is suspended rather than shortened (although provisions do exist in the relevant legislation for the latter). A person disqualified from UI is not credited with National Insurance contributions during the period of disqualification and in this way the lengthening of the maximum disqualification period to 6 months has a double impact, reducing the probability of satisfying the contribution conditions for UI (themselves now more stringent) in a later unemployment spell. Note that an individual may still be eligible for UA (albeit at a reduced rate) if disqualified from UI, and for these people there is clearly an incentive to carry on claiming benefits.

iii) Coverage of UI and Data on UI Receipt

To this point, the figures quoted on "coverage" of UI have referred to one particular measure: the proportion of the currently unemployed who are receiving UI payments. This figure, which may be called measure A, is an important statistic in the evaluation of the effectiveness of a UI scheme. However, it is not the only measure of coverage. A second, measure B, is the proportion of all spells of unemployment in which UI is received. A third, measure C, would be the proportion of all weeks of unemployment during which UI is paid.

⁵For example, among a sample of men entering unemployment in 1978, half had spent time registered as unemployed during the previous year (Moylan et al, 1984, Table 3.3).

These three measures should be seen as complementary and they may each give a rather different impression of the effectiveness of a UI scheme. Measure A refers to the coverage of the unemployed stock - all those persons unemployed at any one time - and the "length-bias" of this measure of unemployment needs to be taken into account. The stock is composed of incompleted spells of unemployment and the number of these which are observed as over 12 months long - and hence not covered by UI - is out of proportion to the number of completed spells of over a year in the population of all unemployment spells. For example, only 13% of people who started to claim unemployment benefits in the year from July 1987 had not left unemployment within 12 months (Department of Social Security, 1989, Table 9) whereas over 40% of the stock of unemployed during this period represented long-term unemployment i.e. spells of longer than a year. The stock provides a non-random sample of spells, long spells being over-sampled.

This is one reason for looking at measure B which, together with measure C, relates to the population of all spells of unemployment. Figures for coverage on measure B are not regularly published but the indications are that coverage of UI on this definition is substantially higher than on measure A, although still far less than 100%: the 1990 Public Expenditure White Paper referring to a figure of "about half" for the proportion of all spells in which UI is paid (Department of Social Security, 1990, p.12). However, the differing importance of long-term unemployment for measures A and B is not the only reason for any differences in coverage of UI which they show. Measure B refers to the receipt of UI at any time during a spell of unemployment. Unlike measure A, it will not be affected by administrative delays in determining entitlement at the start of the spell or by early exhaustion. Section II will show that these are prominent features of the unemployment benefit system in Britain. These examples illustrate the complementarity between the different measures. Measure C adds another dimension. In effect, this measure weights each spell according to its contribution to total weeks of unemployment. No information on coverage under measure C exists.

The analysis of Section II focuses on those persons recorded as not receiving UI in the type of data needed to calculate coverage measure A i.e. data on the unemployed stock. These data are twice-yearly 5% samples (drawn in May and November) of the unemployed registered with the Department of Social Security (DSS) as claiming benefits (more details are given in the Appendix). In most instances, the analyses made here have combined the two counts from each year. The data record the type of benefit in receipt (UI, UA, both UI and UA, or neither), the reason for non-receipt if no UI was in payment, and each individual's sex, marital status, age, and duration of unemployment.

The fact that the data refer to the unemployed stock and not to the flow needs to be remembered, this having implications not only for the level of UI coverage recorded in the

data but also for the conclusions which may be reached about the importance of different causes of non-receipt. The present paper does not aim to give a definitive analysis of the coverage of the British UI system and it is clear that any such analysis should use both stock and flow data. A second aspect of the data which should be stressed is that they are drawn by the DSS from administrative registers and refer to persons claiming unemployment benefits. They are not samples of the pool of those without work and searching for a job.⁶ The data used here cannot reveal the proportion of active searchers who receive UI or the reasons why those searching do not receive benefit.

On the one hand, there are those in the DSS samples who claim benefits but who are not looking for work. On the other, there are those who are looking for a job but who do not claim benefits, since they know that they will not be entitled, or for some other reason. The distinction between an administrative definition of unemployment based on claiming benefits and a behavioural one based on search activity is an important one. The 1982 ILO Guidelines, now used by the OECD, relate to the latter, but the official measure of unemployment in Britain is based on the former. The annual Labour Force Survey reveals that the total number of unemployed in Britain on the two definitions have in fact been quite similar in recent years. However, substantial numbers of persons are unemployed on one definition but not on the other. In Spring 1988, this applied to nearly a third of the unemployed on either definition despite the claimant count being less than 2% bigger than the ILO/OECD total (Department of Employment, 1989).

Although the total number of unemployed is very similar on the two definitions, there are big differences between the situation for men and women. In 1988, the male claimant count was 20% greater than the number of men unemployed on the ILO/OECD definition whereas for women it was 25% less. Fewer than a fifth of the ILO/OECD total of unemployed males were not claimants but over half of women were in this position. It is easy to see why the incentive to claim is low for married women. A married woman returning to work after several years out of the labour force would be unlikely to qualify for UI on account of the contribution conditions. Even if unemployment followed several years of work, she would not receive UI if she joined the labour force before 1977 and opted for a reduced contribution rate (explained above). For those married women without UI there remains the possibility of means-tested UA, but the chances of qualifying for UA are low if her husband has a job or is himself receiving unemployment benefits.

Suppose for the moment that the ILO/OECD figures accurately represent the total of the unemployed genuinely wanting a job, the group to whom the unemployment benefit

⁶For this reason, care should be taken in comparing the results with those from other studies of UI coverage, such as that of Blank and Card (1989) in the US, where it is the coverage of searchers which has been the focus.

system is intended to give financial support.⁷ What do the numbers just described tell us about the likely UI coverage of this group, which for convenience we can label "searchers"?

By way of example, consider three possible assumptions which could be made about the search activity of UI recipients.

If UI recipients are a sub-set of searchers, coverage of searchers is given simply by the ratio:

$$\frac{\text{UI recipients}}{\text{searchers}} \quad (1)$$

In May 1988, there were 398,420 men recorded by the DSS as currently receiving UI, a figure that represents 29% of the number of unemployed searchers in Spring 1988 on the ILO definition (unpublished DSS data and Department of Employment, 1989, Table 1). For women, the figure is 24%. These compare with figures of 24% for men and 32% of women for the UI coverage of claimants. UI coverage of searchers, on the assumption that UI recipients represent a sub-set of these, is 5 points higher for men and 8 points lower for women.

Alternatively, we could assume that all non-searching claimants receive UI. This represents maximum Type II error; every person who should not be covered, does receive UI. Searcher UI coverage is given by:

$$\frac{\text{UI recipients minus non-searching claimants}}{\text{searchers}} \quad (2)$$

However, given the Spring 1988 Labour Force Survey data, this second assumption makes no sense. For both sexes, the number of non-searching claimants at this time exceeded the number of UI recipients and the numerator in (2) would therefore be negative. There must be some non-searchers who do not receive UI, but the greater the number who are assumed to be in receipt, so UI coverage among searchers is driven down to zero.

Finally, if the probabilities of receipt of UI and of search are independent, the probability of UI conditional on search equals the unconditional probability of UI. This in turn equals the probability of UI conditional on a claim, multiplied by the probability of a

⁷This supposition is open to objection since, amongst other categories, discouraged workers are excluded under the ILO/OECD definition. Note also that the discussion in the text ignores any variation in the amount of search effort of those defined as searching in the Labour Force Survey (LFS). Wadsworth (1989) concludes from LFS data that those claiming unemployment benefits search harder.

claim. UI coverage of searchers is now given by:

$$\frac{\text{UI recipients}}{\text{claimants}} \times \frac{\text{claiming searchers}}{\text{searchers}} \quad (3)$$

The independence assumption yields estimates of UI coverage among searchers in Spring 1988 of 20% for men and 15% for women. If we restricted attention to coverage of those searchers who claim (for which there seems little justification) then independence implies that coverage is equal to that of all claimants, which is measured by the DSS data.

This exercise shows that the UI coverage of searchers could be markedly different from the UI coverage of claimants. However, it seems unlikely that figures for claimant coverage based on the DSS data provide an underestimate of searcher coverage. If anything, the opposite may be the case and for women this must be true since the ILO/OECD total of female searchers exceeds that of claimants. As far as men are concerned, if UI recipients are more likely to search than non-recipients, UI coverage of searchers (on the ILO/OECD definition) could exceed that of claimants, although at the neutral position of independence the reverse will be true. Moreover, the ILO/OECD definition of unemployment excludes some claimants whom one could arguably wish to see receiving UI, such as discouraged workers and those waiting to take up a job. For this reason, our estimates of the range of possible figures for UI coverage of "searchers" should only be seen as illustrative.

II. REASONS FOR THE NON-RECEIPT OF UNEMPLOYMENT INSURANCE

Figure 5 shows separately for male and female unemployed claimants the relative importance of five different reasons for the non-receipt of UI in 1988 (Table A1 in the Appendix provides details in each year 1979-88 and Table A2 provides a split between married and single women).

It is striking that although exhaustion of entitlement is the most important cause of non-receipt for men, it accounts for little more than half of cases where UI is not in payment. And less than a third of women without UI fall into this category. For women, a deficient contribution record, and not exhaustion, is the single most important explanation for the lack of benefit and this accounts for nearly 30% of non-receipt for men as well. Disqualification, on the other hand, affects fewer than 1 in 100 of non-recipients of both sexes in the unemployed stock.

Much more important than disqualification is the delay in determining whether a claimant is entitled, a possibility that is often overlooked by those commenting on the impact of UI on individuals' decisions. This explains the lack of UI for 1 in 10 men and 1 in 6 women. Many of the persons in this category may go on to receive UI but for some the eventual verdict on the claim will be negative. Finally, there is the residual category "Other Reasons". These include the official waiting period of 3 days before UI payments start in the event of a successful claim, the receipt of wages in lieu of notice for those unemployed on layoff, and the removal of entitlement in the case of large occupational pensions.

A number of obvious questions arise. Are those with exhausted entitlement all long-term unemployed? Is the problem of a deficient contribution record restricted to the young? Are delays in establishing entitlement a problem only in spells of unemployment which have recently begun? The rest of paper looks in turn at the three principal causes of non-receipt recorded in stock data: undetermined claim, insufficient contributions and exhaustion. Before doing so, however, a further word on disqualification is needed.

The reader may be left with the impression from these data on the unemployed stock that disqualification is a very rare event in the administration of UI in Britain. Not only were a very small number of claimants in 1988 recorded as disqualified from UI for voluntary quitting or industrial misconduct - less than 1% - but this was true throughout the period 1979-88 and applies to both sexes (see Table A1); for example, only 2% of either sex were in this situation in 1979.⁸ However, it is the case that in 1988, about 9% of all

⁸This can also be seen in data for men from the 1970s, the proportion affected in 1972 being less than 4% (Atkinson and Micklewright, 1985, Table 4.4).

Fig. 5a: MEN with no U.I. in 1988

REASONS FOR NON-RECEIPT (UNEMP. STOCK)

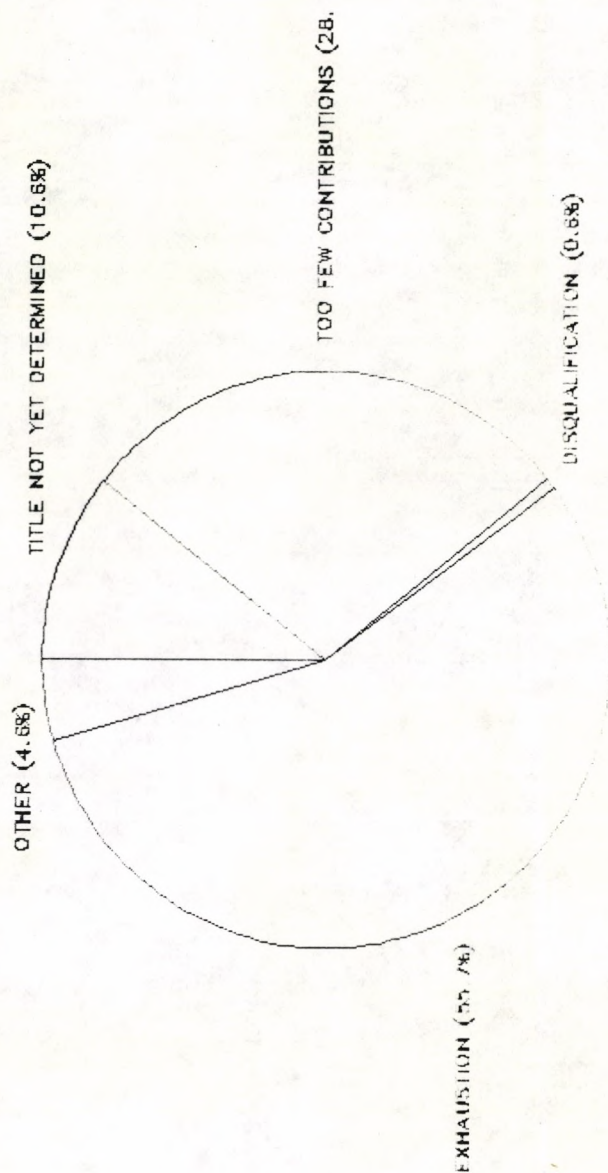
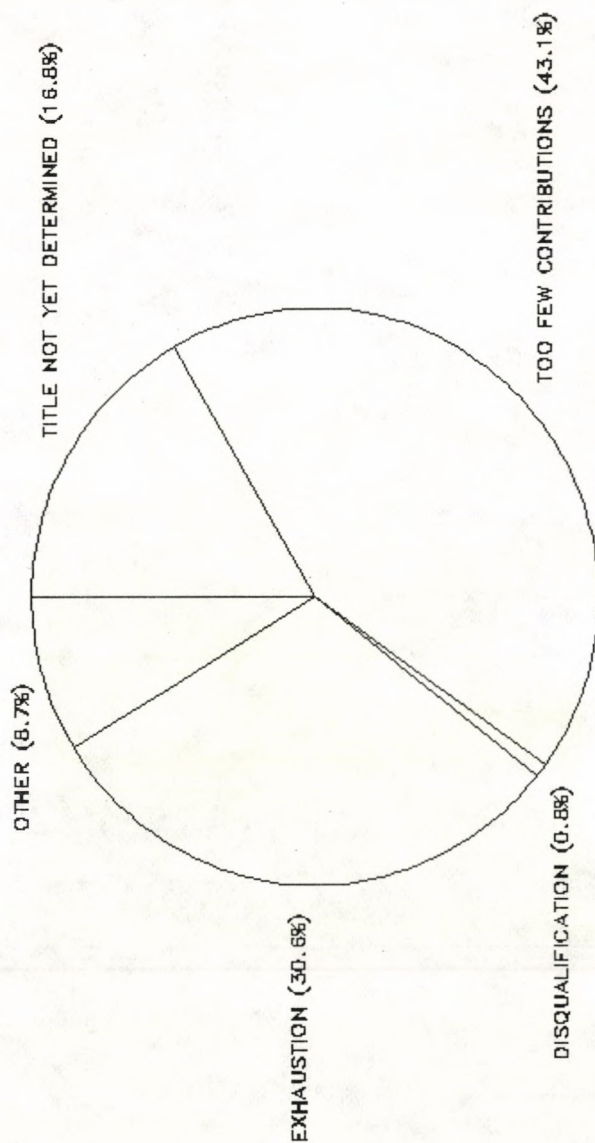


Fig. 5b: WOMEN with no U.I. in 1988
REASONS FOR NON-RECEIPT (UNEMP. STOCK)



new claims to UI were disqualified for reasons of quitting or misconduct.⁹ This figure relates to the population of all unemployment spells rather than the non-random sample provided by the unemployed stock. It gives a rather different picture and reminds us that the ideal analysis would look at both stock and flow data.

i) **An Undetermined Claim: not only the early days**

Before the Department of Social Security can decide whether a claimant can receive UI, his or her contribution record must be checked and the reason and circumstances of entering unemployment has to be verified.¹⁰ This takes time and explains why a number of claimants are recorded in the DSS data as not currently receiving UI due to their claim being "not yet determined". Those who go on to receive UI will have the payments backdated to the time of the initial claim, and a claim for UA can be made while entitlement to UI is being adjudicated (the amount of any UA paid while a UI claim is determined is subtracted from any backdated lump-sum UI which may be eventually paid).

It might be argued that delays in payment of UI are not of real concern as far as living standards of the unemployed are concerned and are also of no economic significance as regards behaviour. However, the access of the unemployed to credit may be limited and the delay in assessing a claim represents a source of uncertainty. It is not the case that UA is invariably paid during the delay; in 1988, only 40% of men waiting for their UI claims to be determined, and 30% of women, were recorded in the DSS data as receiving UA.

In 1988, 8% of all unemployed men and 11% of women were recorded as not in receipt of UI due to delays in determining their claim. For both sexes, a half of people in this position had been claiming benefit for more than 3 weeks. Figure 6 shows the proportion of unemployed in each duration range who were affected in 1988. Over a fifth of men and a quarter of women in the 4-6 week range were still awaiting adjudication of their claims and even in the 10-13 week range, over 1 in 10 of both sexes were involved, a figure which seems remarkably high.

Figure 7 and Table A3 show how the situation has changed over the 1980s. There appears to have been a marked jump in the proportion of claimants affected in 1987-88 at durations of longer than 3 weeks, this despite the fall in the Department of Social Security's work-load at this time due to declining unemployment. In fact, the figures for the early 1980s in turn represent a significant increase from the 1970s. In 1972, only 3% of men in the 4-6 week range had an undetermined claim (Atkinson and Micklewright, 1985, Table

⁹Information supplied by DSS. See also Department of Social Security (1989, p8).

¹⁰ Claims which are "doubtful" for reasons other than the contribution record are referred to Adjudication Officers for a decision. In 1988, 1.4 million out of a total of 4 million claims to UI were referred with benefit eventually being allowed in 40% of cases (Department of Social Security, 1989, p.8).

Fig 6a: UNDETERMINED CLAIM — MEN 1988

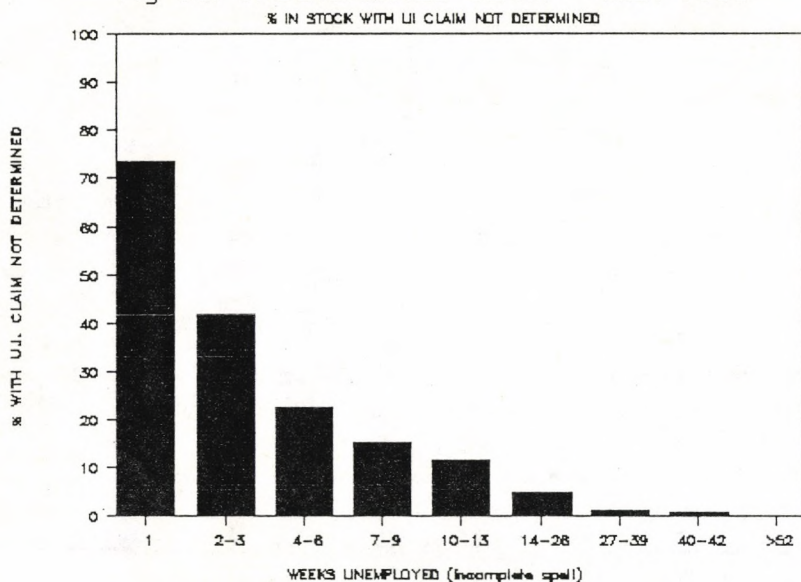


Fig 6b: UNDETERMINED CLAIM — WOMEN 1988

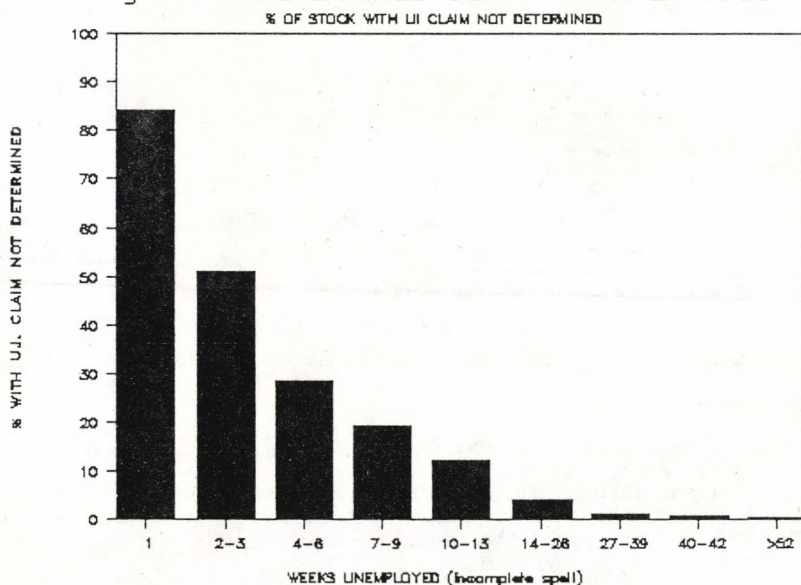


Fig 7a: UNDETERMINED CLAIM, MEN 1979-88

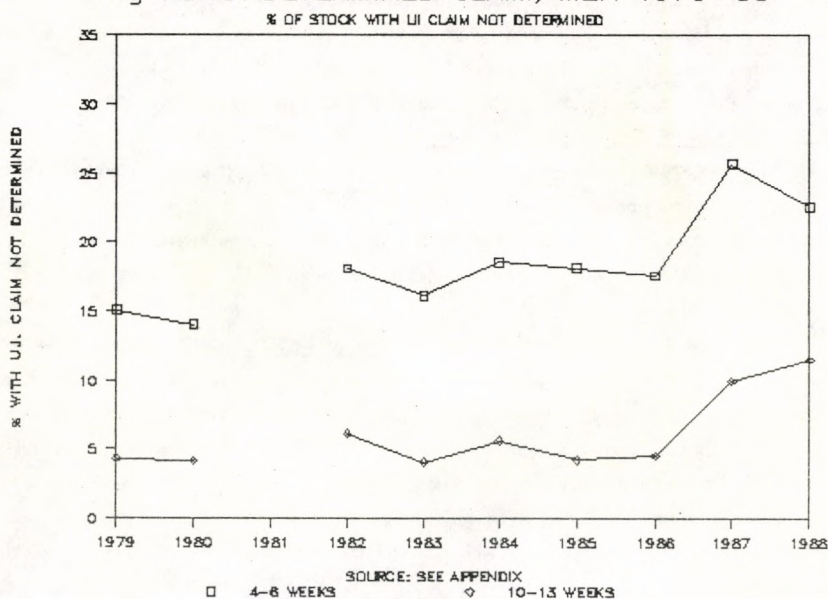
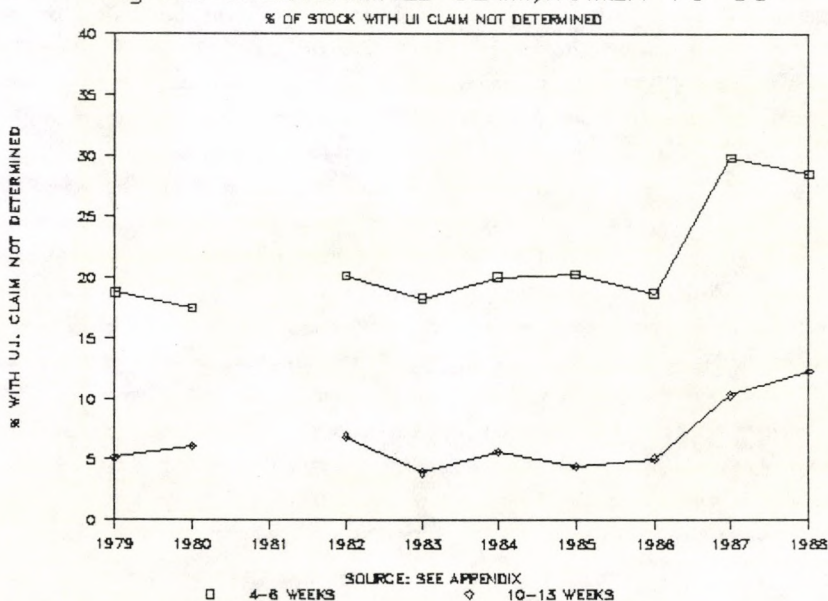


Fig 7b: UNDETERMINED CLAIM, WOMEN '79-88



4.2) despite contribution records not being computerised at this time. This compares with figures of 15% in 1979 (following computerisation), and 26% in 1987. On the evidence of these data from the unemployed stock, one may conclude that the ability of the DSS to promptly determine claims for UI appears to be in long-term decline.

ii) **Insufficient Contributions: not just the young**

In 1988, 22% of all unemployed men claiming benefits, and 29% of women, were not receiving unemployment insurance because their contribution record was insufficient. To what extent does this situation reflect the rise of a "flexible" workforce (Hakim, 1989), in which part-time work and self-employment not resulting in UI cover have become more important?

Many of those with insufficient contribution records are young; about half of those affected of both sexes were aged less than 25 (nearer 60% for women). However, this leaves many in older age groups. For example, nearly a quarter of the men with a deficient contribution record were aged 30-44. It should be noted that these figures represent the effect of the old contribution conditions for UI. The new conditions, which came into operation in October 1988 for fresh claims, can be expected to result in a rise in the proportion of the unemployed with deficient contribution records and this may be one reason for the sharp fall in the coverage of UI in 1989 (see Figures 1 and 2).

Figure 8 provides some more information on the association of contribution deficiency with age, showing the incidence for men, married women and single women in the unemployed stock in 1988. The variation with age is markedly different for the three groups. For men, the frequency of insufficient contributions drops sharply from over 50% for teenagers to just over 20% at age 25-29, stabilising at around 17% for those aged 30-49 before falling progressively for those aged 50 or over. Note that the proportion of "prime-age" males with too poor a contribution record for UI is not insignificant. A substantial minority of men of an age that one might have expected to have been associated with good contribution records do not qualify for UI. (Under the rules operating in the period in question, past unemployment should not have damaged an individual's contribution record since "crediting" of contributions takes place during registered unemployment.)

For single women, the change with age is similar up to the age of 35 to that for men (70% of all unemployed single women were beneath this age in 1988), although in each age range the figure for single-women is higher, something which is not easy to explain. However, from the age of 35 upwards the proportions of men and single women with a deficient contribution record are very different, the figure for the latter climbing sharply to over 40% for those in their 40s. Over these age ranges the pattern for single women resembles more closely that for married women, for whom the proportion affected rises from under 10% for those in their 20s to nearly 30% for those aged 40-49, although as

Fig 8a: TOO FEW CONTRIBUTIONS, MEN 1988

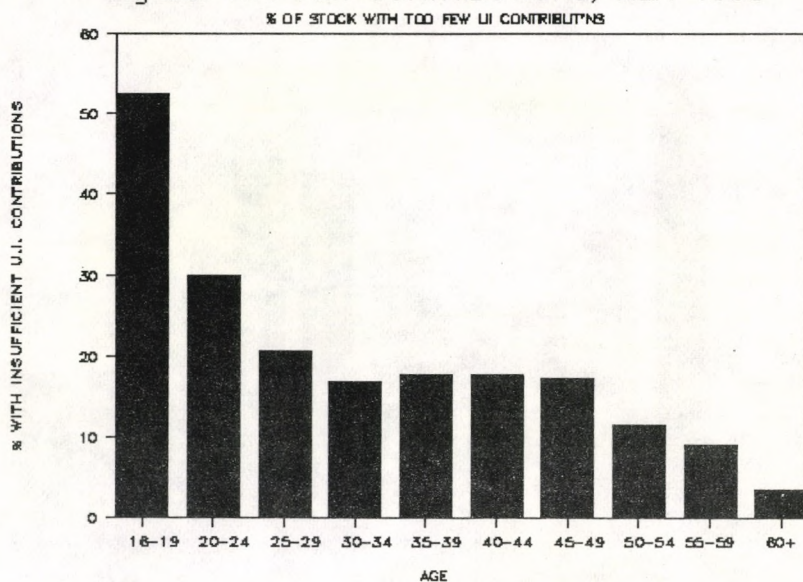


Fig 8b: UNEMPLOYED MARRIED WOMEN, 1988

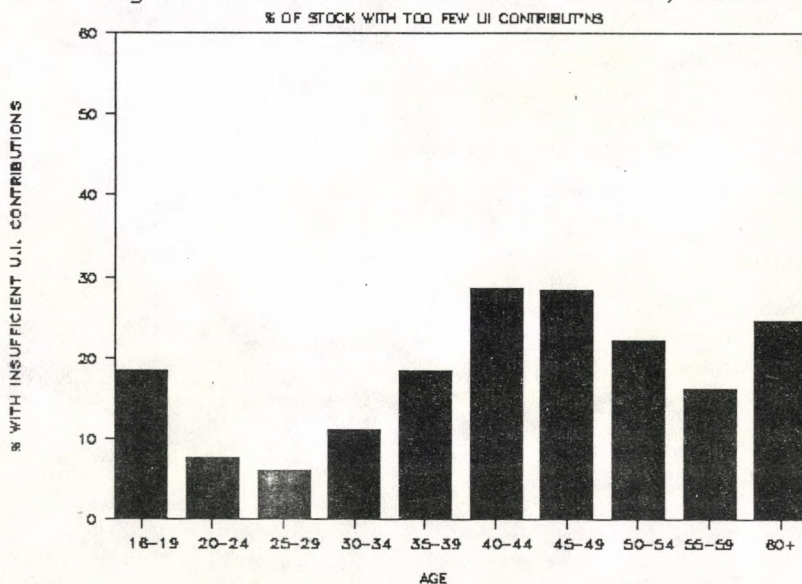
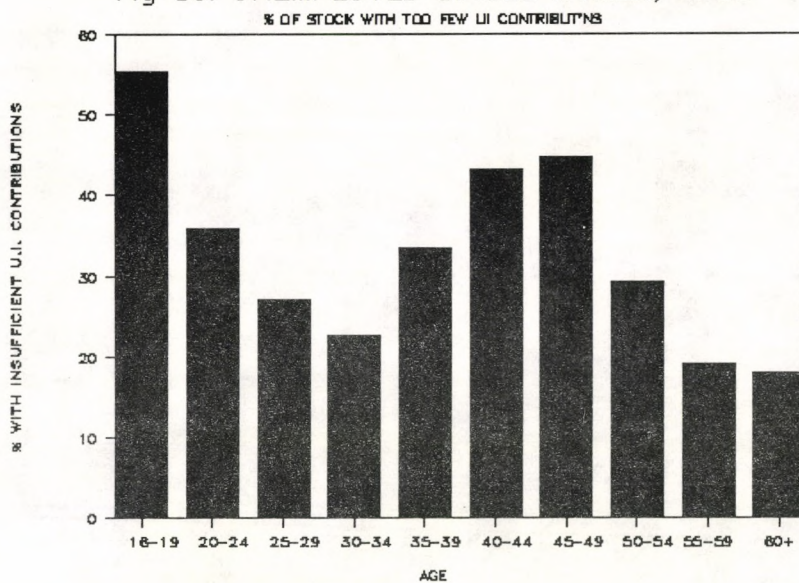


Fig 8c: UNEMPLOYED SINGLE WOMEN, 1988



these figures make clear, the problem of a poor contribution record does not affect married female claimants so frequently as it does single women. We return to this phenomenon below.

For young people, the major barrier to receiving may be the first contribution condition, this requiring contributions to have been paid while in insurable employment; the second contribution condition (described earlier) is waived in the first year after leaving school. The effect of the first condition is to rule out receipt among those leaving full-time education and yet to find their first job.

Married women, on the other hand, may suffer from the second condition; periods spent out of the labour force do not attract National Insurance credits and a woman registering as unemployed after several years of inactivity will not qualify for UI. The same applies to a woman married before 1977 and still paying reduced rate contributions. She will not satisfy the conditions, even if she had been continuously in work prior to claiming UI.

It seems probable that the rise in contribution deficiency above age 30-34 for single women is associated with the number of *divorced* persons in this group, the definition of single women in the DSS data including those previously married.¹¹ The substantial problem of insufficient contributions for UI for single women above the age of 35 may therefore represent, in part, the poor contribution records of women not previously working while married (or the choice to pay a reduced contribution rate during marriage).

However, there remains the question of why currently married women should have a lower incidence of insufficient contributions than a mixture of never and previously married women of the same age. Here the restriction of the DSS data to benefit claimants may be important. Due to the operation of the family means-test, women currently married are less likely to qualify for unemployment assistance (UA) than single or previously married women. Married women not qualified for UI therefore have less incentive to remain registered as benefit claimants; those who do not will enter neither numerator nor denominator of calculations of incidence of contribution deficiency using DSS data. This is probably the main reason why - among claimants - there is such a low proportion of unemployed married women in their 20s who have a deficient contribution record and why the figures for married women are lower than those for single women.

What about those who are not young and who have not had long periods out of the labour force? Self-employment and part-time earnings beneath the threshold for National Insurance contributions do not qualify an individual for UI. As far as the latter is

¹¹ In the population of Britain as a whole, there are more divorced and widowed women aged 30 or over than there are women never married (OPCS, 1989, Table 3.30).

concerned, survey evidence suggests less than 2% of employed men in 1985-86 were in this position, earning at a level which would leave them uninsured (Hakim, 1989, Table 1). For women, for whom part-time work is more common, the figure was 12%. As far as self-employment is concerned, some 12% of the employed were working for themselves in 1987, a rise of around 5 per cent points since 1979 (Hakim, *ibid.*, Table 4). If the decline in "regular" full-time employment has resulted in the present situation regarding UI cover, one would expect to find the proportion of the unemployed without a sufficient contribution record to have risen.¹²

This has certainly happened; the proportion of unemployed men and women with insufficient contributions for UI was 14% and 23% respectively in 1979, compared to the figures of 22% and 29% for 1988. Figure 9 shows how the position has changed for several different age-groups, Table A4 giving the details. For men and single women aged less than 25, there was a sharp rise in the proportion affected during the early 1980s, the figures then stabilising or, particularly for teenagers, falling back. The figures for older age groups have risen fairly steadily since 1982 (in the case of men, the proportion affected of all aged 30-49 has been very similar throughout 1979-88). For married women, there have only been slight rises in the proportion without sufficient contributions for UI, but the fact that there have been rises at all is notable, the proportion of employed married women paying reduced rate contributions, and thus not qualifying for UI in the event of unemployment, having fallen significantly.

It is tempting to conclude from Figure 9 that the growth of part-time work and self-employment during the 1980s has resulted in a lower UI coverage of the unemployed, falling unemployment since 1986 having led to a decline in contribution deficiency only for the young. While such an effect seems logical, some notice needs to be taken of the situation prior to 1979. For example, in 1974, some 12% of unemployed men aged 30-39 were without UI because of their contribution records, the same figure as in 1979, while during 1975-77 over 15% were affected (Atkinson and Micklewright, 1985, Table 4.3). This suggests that a more detailed analysis over a longer-time period is needed, preferably involving flow as well as stock data.¹³

¹² Although it must be remembered that the data used in this paper refer to benefit claimants and if a rising proportion of those who are not qualified for UI have not claimed benefits, then the expected pattern would not be found.

¹³ One factor leading to a rise in the frequency of contribution deficiency has been the abolition of reduced rate UI for those with some contributions but not enough to qualify for the full rate of UI. However, the numbers involved were small (Atkinson and Micklewright, 1989, give details).

Fig 9a: TOO FEW CONTRIBS. — MEN '79-88

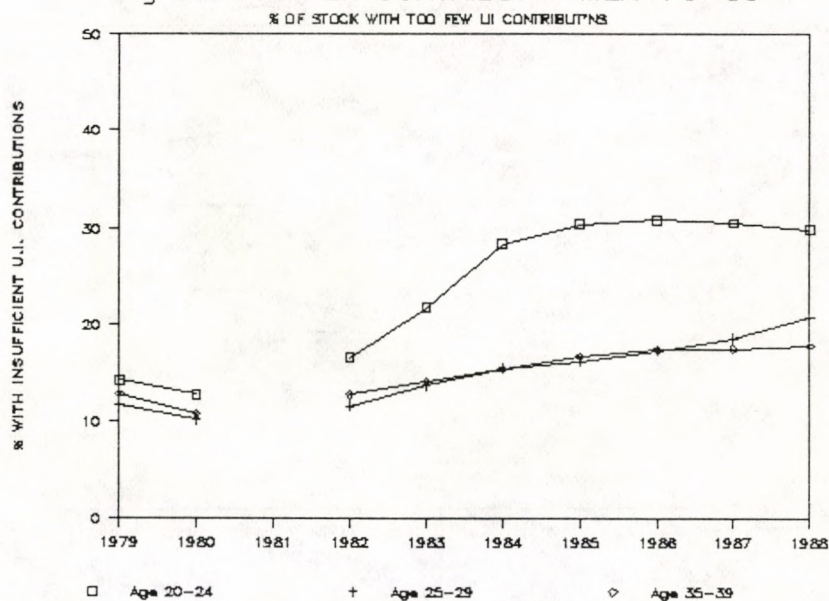


Fig 9b: UNEMPLOYED MARRIED WOMEN '79-88

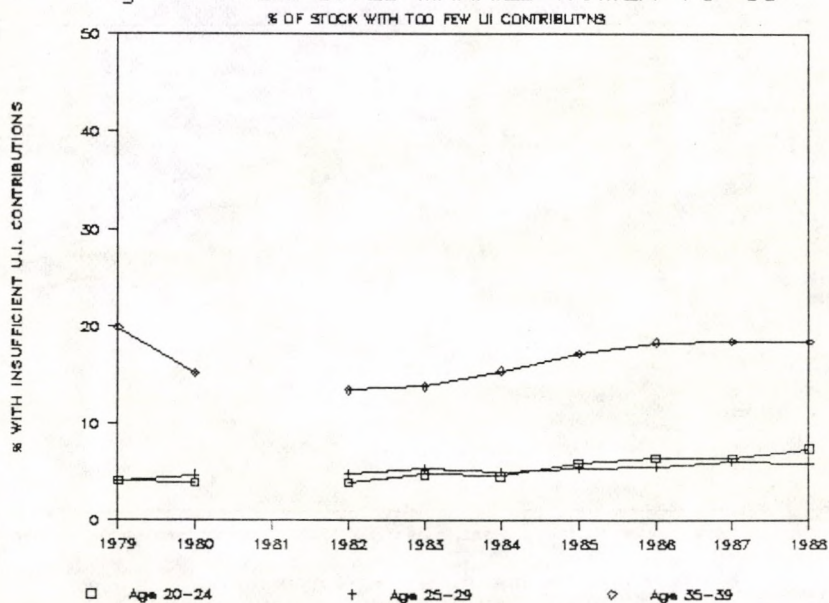


Fig 9c: UNEMPLOYED SINGLE WOMEN '79-88

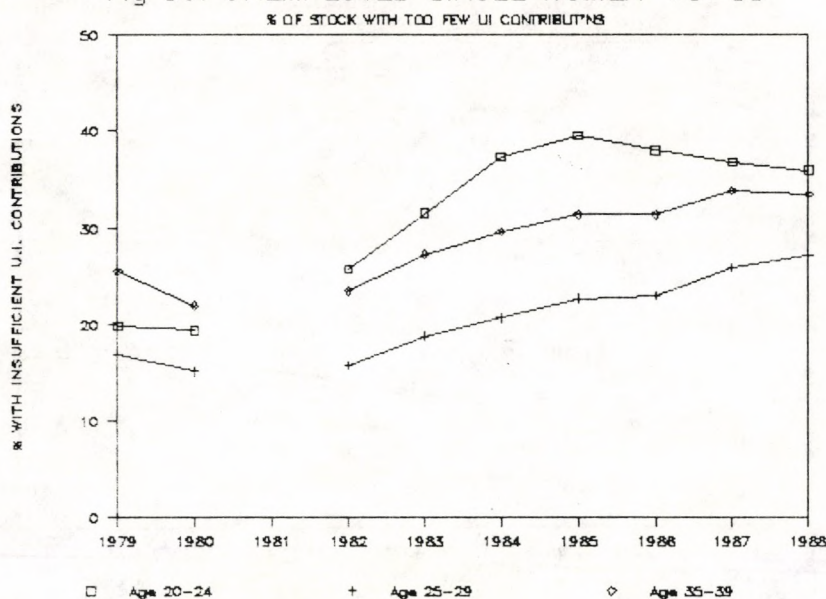
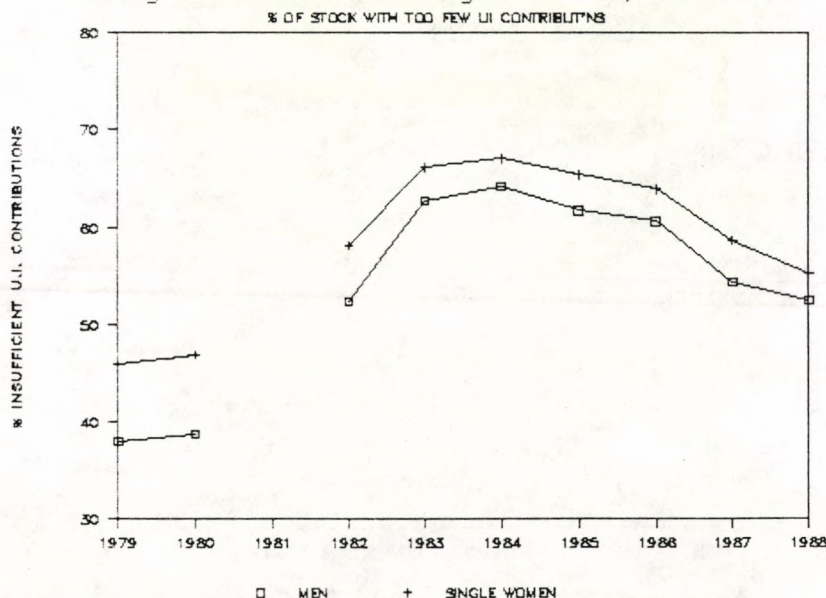


Fig 9d: UNEMPLOYED aged 16-19, '79-88



The comparison with the the 1970s emphasises another aspect of the contribution system for UI in Britain. Despite a rise in male unemployment from less than 4% in 1974 to around 14% in 1984, the proportion of men with insufficient contribution records rose by only a few per cent points for most age ranges. This is a tribute to the system of crediting contributions during unemployment, sustained periods of high unemployment not leading to a large-scale erosion of contribution records under the system prevailing up to October 1988. The new system, where paid contributions are required in the tax-year prior to unemployment, marks a major change which will result in high unemployment leading to lower UI coverage.

iii) **Exhaustion of UI: not just the long-term unemployed**

UI cannot be paid for more than 52 weeks. This does not mean that all those unemployed for more than a year have exhausted entitlement, or that exhaustion cannot occur before a spell has lasted 52 weeks. On the one hand, some long-term unemployed may never have received UI. On the other, entitlement may be exhausted before a person has been unemployed a year, via the operation of the "linked-spells" rule described earlier.

In 1988, 30% of all unemployed women had been claiming benefits for over a year. Of these, exactly half had exhausted their UI entitlement. For men, an exhausted entitlement applied to nearly three-quarters of the long-term unemployed (the long-term unemployed representing 40% of all claimants). A half of long-term unemployed women and a quarter of men had therefore never received UI.

Do those long-term unemployed that have exhausted their entitlement represent the majority of those persons running out of benefit? The answer is certainly "yes", but a substantial minority are people unemployed for *less* than a year. In 1988, "early" exhaustion of UI, via the operation of the linked spells rule, accounted for a quarter of all men with exhausted entitlement in the stock. Almost exactly the same figure applies to women (and there was virtually no difference between married and single women).

Figure 10 shows the changes over the 1980s in the importance of this group, early exhaustions being shown as a fraction of all exhaustions. The proportion exceeds a fifth for both sexes throughout the period. It appears inversely related to the level of unemployment, but it should be noted that the comparison of the period since 1982 with 1979-80 (when over 30% of exhaustion was concentrated at durations of less than a year) is affected by a change in the linked spells rule in September 1980, resulting in less frequent application in the later period.

Table A5 gives details for 1979-88 of the proportion of the unemployed at each duration who had exhausted their UI entitlement; this table shows the incidence of early exhaustion whereas Figure 10 was concerned with the concentration. Figure 11 illustrates the position in 1988. Over a fifth of men unemployed 6-9 months had exhausted their UI

Fig 10: U.I. EXHAUSTION, 1979-88

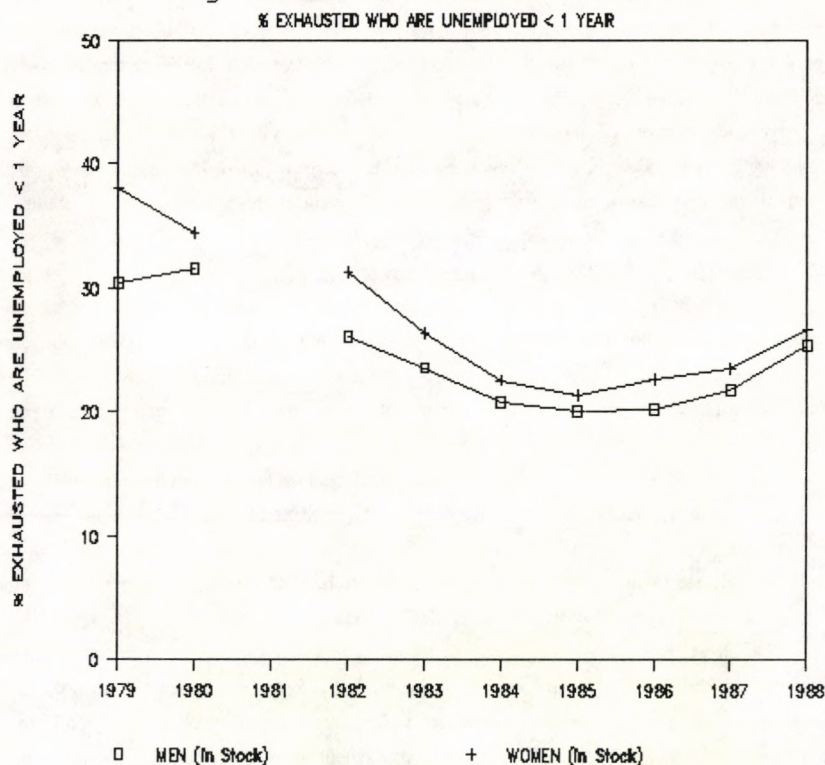


Fig 11a: U.I. EXHAUSTION — MEN 1988

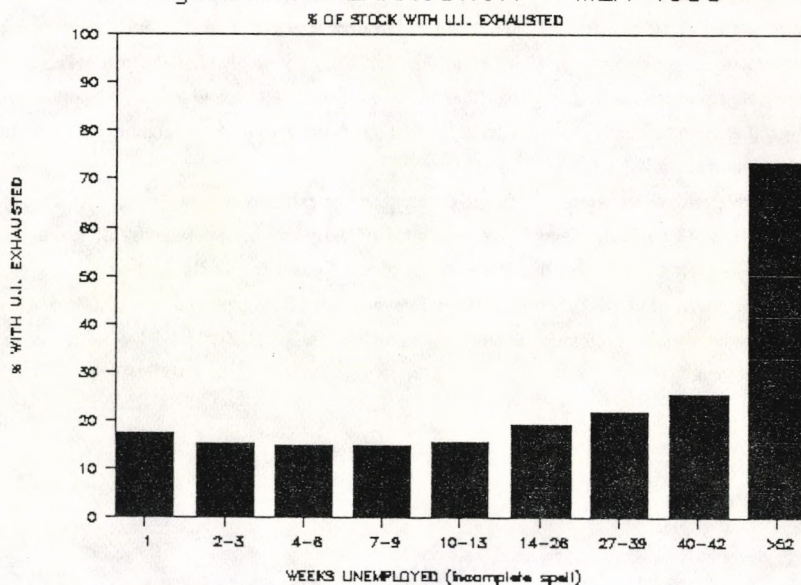
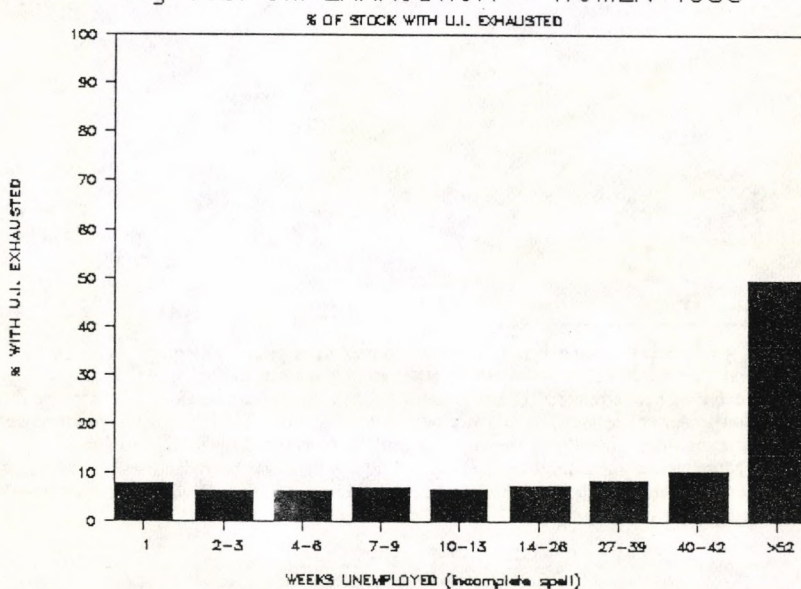


Fig 11b: U.I. EXHAUSTION — WOMEN 1988



and over a quarter of those with durations 9-12 months. Exhaustion affects persons at much shorter durations as well; premature exhaustion affected at least 1 in 7 men in every duration of unemployment in 1988. Note that this does not imply that the rest received UI, there being reasons other than exhaustion for non-receipt. For example, in 1988, there were fewer than two unemployed men receiving UI at durations of 9-12 months for each man with exhausted entitlement.

The position for women is rather different, early exhaustion being much less common. Only in the 9-12 month range is the incidence of early exhaustion (among all unemployed women) as high as 10% and this is the result of the figures for single women.

The exhaustion of UI entitlement before a spell of unemployment has lasted a year seems to be a quite prominent feature of unemployment in Britain, at least as far as men are concerned.¹⁴

¹⁴ It is worth noting that if a person forgets to register availability for work by "signing-on", or fails to sign-on for some other similar reason, his or her UI claim is suspended but is not terminated (I am grateful to DSS Analytical Services Division for this information). A "linked-spell" would not be recorded in this situation and the prominence of "early" exhaustion should not therefore be artificially boosted by such a pattern of claims. Moreover, a substantial number of individuals can also be indentified in survey data (where it is the length of time since last job which is recorded) who appear to have exhasusted UI prematurely (Atkinson and Micklewright, 1985, pp.92).

III. CONCLUSIONS

The unemployment insurance system in Britain offers a high probability of cover to the person with a history of stable, full-time employment who enters unemployment through no fault of their own. This is the type of person in the mind's eye of many who comment adversely on the effect of UI on incentives to return to work. While it is widely known that UI cover lasts only for 12 months, few (if any) causes of non-receipt are well understood. That only a fifth of the unemployed in Britain who were claiming benefits at the end of 1989 were actually receiving UI is a fact that may come as somewhat of a surprise.

On the other hand, those who advise the unemployed on their rights, and others with detailed knowledge of the benefit system in Britain, will be familiar with the reasons which bring about this situation. Claims take time to be assessed (it seems an increasing time), a person's contribution record may be insufficient, and previous spells of unemployment may result in early exhaustion of entitlement.

The new entrant to the labour force, the part-time worker on low earnings, the married woman recently returned to work or wanting to do so, the married woman who once opted for no UI cover, the entrepreneur whose enterprise has failed, the person who previously left unemployment for a temporary job, all these may well not receive UI. Some may get means-tested UA but, for the reasons outlined in the Introduction, this should not be viewed as an alternative of equal status. Both the operation of the labour market and the support of income during unemployment could be better served by UI.

The principal purpose of this paper has been to show that many unemployed people do not receive UI and to reveal the main reasons for the low coverage by UI of the claimant unemployed stock. In 1988, reasons other than exhaustion of entitlement accounted for nearly half of non-receipt among men and more than half among women. That these features of unemployment benefit are not more widely known is in part a reflection of the paucity of published information about the workings of the British UI system. One of the messages of this paper is that far more effort needs to be made by those responsible for UI in Britain to publish basic information concerning the system's operation. It is only with such information that reasoned debate about the future of the benefit system for the unemployed can be conducted.

That future currently looks rather bleak. Those that would seek to argue for the phasing out of National Insurance unemployment benefit might point to the fact that in November 1989 little more than 1 in 10 of men and single women unemployed and claiming benefits were receiving UI payments which were not supplemented by means-tested UA. The implication, it would be claimed, is that the abolition of UI in Britain would

affect relatively few people. On the other hand, those who would argue for its retention might respond that, despite the factors leading to low coverage of the unemployed stock, it is the case that UI *is* paid at some time in about 50% of all spells in which benefits are claimed, a far from insignificant figure. As these examples show, a variety of measures of UI coverage can be used, relating to both stock and flow, and it is essential that these are available if the workings of the UI system are to be properly assessed. The analysis in this paper, based on unpublished data, has shown how holes in coverage come about. On the more positive view of UI, these holes are a problem to be resolved, not an excuse for abolition of UI. On this view, the arguments for the retention (and the strengthening) of UI are worthy of careful consideration.

TABLE A1:
REASONS FOR NON-RECEIPT OF UNEMPLOYMENT INSURANCE 1979-88

MEN									
Reasons for non-receipt of NI benefit (all durations of unemployment)									
Reason	1979	1980	1982	1983	1984	1985	1986	1987	1988
Title not yet determined	16.6	18.2	11.1	8.3	8.7	7.8	8.6	10.2	10.6
Insufficient Contributions	22.9	25.9	25.9	30.7	32.6	32.4	32.3	29.9	28.6
Disqualification	2.0	1.8	0.5	0.6	0.7	0.7	0.7	0.7	0.6
Exhaustion of Entitlement	56.6	51.8	59.2	58.2	55.7	56.6	55.5	55.5	55.7
Other	1.9	2.4	3.3	2.2	2.3	2.5	2.9	3.7	4.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

WOMEN									
Reasons for non-receipt of NI benefit (all durations of unemployment)									
Reason	1979	1980	1982	1983	1984	1985	1986	1987	1988
Title not yet determined	25.7	25.0	18.4	13.7	13.2	12.4	12.9	16.0	16.8
Insufficient Contributions	42.6	46.4	46.6	50.4	49.9	48.3	47.3	44.2	43.1
Disqualification	2.0	1.6	0.7	0.7	1.0	1.0	1.1	0.9	0.8
Exhaustion of Entitlement	26.4	23.1	30.5	31.1	31.7	33.4	33.5	31.8	30.6
Other	3.2	4.0	3.8	4.0	4.3	4.9	5.2	7.0	8.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Unpublished Department of Social Security UBS3 data

TABLE A2:
REASONS FOR NON-RECEIPT OF UNEMPLOYMENT INSURANCE 1979-88

MARRIED WOMEN									
Reasons for non-receipt of NI benefit (all durations of unemployment)									
Reason	1979	1980	1982	1983	1984	1985	1986	1987	1988
Title not yet determined	33.0	31.0	21.2	17.5	14.4	15.2	15.0	18.8	20.8
Insufficient Contributions	29.4	30.2	25.6	26.4	26.0	26.6	27.7	27.7	29.1
Disqualification	2.6	2.3	1.2	1.1	1.5	1.2	1.6	1.1	1.1
Exhaustion of Entitlement	30.1	29.1	46.6	49.8	53.3	51.3	49.7	44.4	39.4
Other	4.9	7.4	5.5	5.2	4.8	5.7	6.0	8.0	9.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SINGLE WOMEN									
Reasons for non-receipt of NI benefit (all durations of unemployment)									
Reason	1979	1980	1982	1983	1984	1985	1986	1987	1988
Title not yet determined	23.4	23.0	17.5	12.6	12.8	11.3	11.9	14.7	14.9
Insufficient Contributions	46.9	51.8	53.3	58.0	58.1	57.3	56.1	51.7	49.4
Disqualification	1.9	1.4	0.6	0.6	0.8	0.8	0.9	0.8	0.6
Exhaustion of Entitlement	25.3	21.0	25.3	25.3	24.2	26.0	26.2	26.2	26.7
Other	2.6	2.8	3.3	3.6	4.1	4.5	4.9	6.5	8.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Unpublished Department of Social Security UBS3 data

TABLE A3:

UNEMPLOYMENT INSURANCE ENTITLEMENT NOT YET DETERMINED

MEN

Percentage with title to NI benefit not yet determined by duration of incomplete spell

DURATION	1979	1980	1982	1983	1984	1985	1986	1987	1988
1 WEEK	76.2	77.0	71.5	68.8	66.1	73.8	77.7	74.9	73.5
2-3 WEEKS	42.7	37.6	40.3	36.2	36.5	37.8	39.6	42.3	41.6
4-6 "	15.1	14.0	18.1	16.1	18.6	18.1	17.6	25.6	22.6
7-9 "	5.9	6.5	9.8	7.3	0.2	9.0	9.1	14.7	15.2
10-13 "	4.3	4.2	6.2	4.1	5.6	4.2	4.6	0.0	11.5
14-26 "	2.5	2.5	4.0	2.3	3.7	2.2	2.2	2.1	4.8
27-39 "	1.7	1.6	2.5	1.4	1.2	1.1	1.1	1.2	1.4
40-52 "	0.8	0.8	0.9	0.6	0.2	0.2	0.2	0.2	0.3
All Durations	10.1	9.6	7.3	5.8	6.4	5.7	6.2	7.6	8.0

WOMEN

Percentage with title to NI benefit not yet determined by duration of incomplete spell

DURATION	1979	1980	1982	1983	1984	1985	1986	1987	1988
1 WEEK	83.5	85.7	82.0	81.1	74.0	82.6	85.1	84.3	84.1
2-3 WEEKS	50.5	44.8	47.3	44.3	41.4	44.3	46.5	50.8	51.2
4-6 "	18.7	17.5	20.1	18.3	20.0	20.2	18.7	29.8	28.5
7-9 "	8.6	8.3	11.2	8.7	9.9	9.8	9.7	17.3	19.1
10-13 "	5.2	6.1	6.9	4.0	5.7	4.4	5.1	10.3	12.3
14-26 "	3.1	3.5	5.0	2.7	3.4	2.3	2.1	2.3	4.2
27-39 "	2.0	2.1	3.5	1.6	1.4	1.1	1.2	1.3	1.2
40-52 "	2.1	1.8	2.8	1.3	0.6	0.8	0.5	0.7	0.8
> 52 "	2.2	1.5	1.9	1.1	0.4	0.4	0.3	0.3	0.6
All Durations	14.1	12.7	11.0	8.6	8.4	8.0	8.2	10.6	11.1

Source: Unpublished Department of Social Security UBS3 data

TABLE A4:
INSUFFICIENT CONTRIBUTIONS FOR UNEMPLOYMENT
INSURANCE 1979-88

MEN

Percentage with insufficient contributions for NI benefit by age

AGE	1979	1980	1982	1983	1984	1985	1986	1987	1988
16-19	37.9	38.7	52.4	62.7	64.1	61.7	60.6	54.4	52.6
20-24	14.2	12.7	16.5	21.7	28.3	30.3	30.8	30.5	29.8
25-29	11.7	10.1	11.6	13.6	15.4	16.2	17.2	18.6	20.7
30-34	12.3	10.6	12.7	13.8	14.9	15.5	16.2	16.6	17.0
35-39	12.8	10.7	12.7	14.1	15.3	16.7	17.3	17.5	17.7
40-44	12.5	10.3	12.2	14.5	16.2	17.1	17.5	17.7	17.8
45-49	12.1	10.1	11.6	13.1	14.3	16.2	17.1	17.4	17.3
50-54	11.5	9.4	9.7	10.2	11.6	11.7	11.3	11.7	11.6
55-59	9.3	7.9	6.3	7.1	8.3	8.7	8.5	8.7	9.1
60+	4.8	4.7	3.4	3.8	3.4	4.1	3.4	2.7	3.6
All ages	14.1	13.7	17.0	21.3	23.8	23.7	23.4	22.3	21.6

WOMEN

Percentage with insufficient contributions for NI benefit by age

AGE	1979	1980	1982	1983	1984	1985	1986	1987	1988
16-19	41.9	43.5	55.9	64.5	65.5	64.1	62.4	57.3	54.2
20-24	12.6	12.3	17.5	22.4	26.6	28.7	28.1	28.1	28.4
25-29	8.4	8.1	8.5	9.9	10.1	10.9	11.2	13.5	14.7
30-34	12.2	13.4	11.1	11.5	11.8	13.0	13.4	13.9	14.9
35-39	22.3	17.6	17.1	18.8	20.8	22.2	22.9	24.3	24.7
40-44	30.1	23.9	23.2	25.8	27.8	29.5	31.6	32.8	35.9
45-49	30.4	27.2	26.8	29.2	32.5	34.0	35.1	36.7	37.0
50-54	28.1	26.4	23.2	22.3	22.4	23.6	24.4	24.1	25.7
55-59	20.5	18.8	16.2	16.5	17.2	17.1	17.2	17.1	17.7
60+	26.7	29.2	17.5	17.3	15.1	26.3	14.4	17.2	20.9
All ages	23.4	23.5	27.7	31.4	31.8	31.1	30.2	29.3	28.5

TABLE A4: Continued

MARRIED WOMEN

Percentage with insufficient contributions for NI benefit by age

AGE	1979	1980	1982	1983	1984	1985	1986	1987	1988
16-19	3.2	4.7	8.8	14.7	15.3	21.0	19.1	18.6	18.5
20-24	4.1	3.9	3.9	4.8	4.6	6.0	6.5	6.5	7.5
25-29	4.1	4.8	4.8	5.4	5.0	5.5	5.6	6.1	5.9
30-34	9.4	10.9	9.3	8.9	9.7	10.4	10.4	10.8	11.2
35-39	19.8	15.2	13.5	13.8	15.5	17.2	18.4	18.5	18.5
40-44	26.3	22.4	18.8	19.1	21.2	23.0	25.0	26.1	28.5
45-49	29.6	24.6	20.8	22.7	23.9	6.0	27.4	27.9	28.5
50-54	26.4	21.9	19.0	18.5	17.8	19.7	21.1	21.1	22.2
55-59	18.6	15.2	13.9	14.5	16.2	15.7	16.8	16.3	16.3
60+	16.9	19.1	17.4	20.9	8.6	4.1	9.3	17.2	24.5
All ages	10.1	9.7	9.7	10.5	10.9	12.1	12.9	13.7	14.5

SINGLE WOMEN

Percentage with insufficient contributions for NI benefit by age

AGE	1979	1980	1982	1983	1984	1985	1986	1987	1988
16-19	45.9	46.8	58.1	66.1	67.1	65.4	63.9	58.6	55.4
20-24	19.8	19.4	25.6	31.5	37.3	39.6	38.0	36.7	35.9
25-29	16.9	15.1	15.8	18.8	20.6	22.6	22.9	25.8	27.1
30-34	17.3	18.6	15.0	17.6	16.9	19.9	21.5	21.1	22.6
35-39	25.4	21.9	23.4	27.2	29.5	31.3	31.3	33.8	33.4
40-44	33.9	25.7	28.9	34.3	36.8	38.0	39.8	40.2	43.1
45-49	31.1	29.8	33.3	36.2	41.1	41.9	42.6	45.1	44.8
50-54	29.1	30.0	27.2	26.0	27.3	27.8	27.9	27.3	29.4
55-59	21.4	21.0	17.9	18.1	18.0	18.4	17.6	17.8	19.0
60+	34.5	34.6	17.7	15.2	18.8	35.1	17.6	17.1	18.1
All ages	31.9	32.7	38.8	44.0	45.2	44.4	42.9	40.3	38.2

Source: Department of Social Security UBS3 data

TABLE A5:
EXHAUSTION OF UNEMPLOYMENT INSURANCE 1979-88

MEN

Percentage with NI benefit exhausted by duration of incomplete spell

DURATION	1979	1980	1982	1983	1984	1985	1986	1987	1988
1 WEEK	6.6	6.7	11.2	12.6	12.0	11.9	12.8	14.7	17.5
2-3 WEEKS	7.8	6.6	10.5	11.8	11.2	11.3	10.9	12.0	15.1
4-6 "	8.8	6.5	10.9	11.8	11.0	11.4	10.5	12.9	14.8
7-9 "	12.1	6.8	11.6	13.5	11.5	12.2	11.7	13.8	14.7
10-13 "	12.2	8.4	12.6	13.0	11.2	12.7	12.0	14.4	15.5
14-26 "	16.3	11.3	16.1	15.7	15.8	14.8	14.6	16.5	19.3
27-39 "	23.3	17.3	20.1	18.5	18.7	17.2	17.0	18.4	22.0
40-52 "	27.3	26.6	21.7	22.4	22.3	22.6	19.9	21.4	25.6
> 52 "	83.5	83.0	81.0	77.6	74.2	74.4	74.2	73.6	73.3
All Durations	34.6	27.2	38.9	40.4	40.6	41.5	40.2	41.4	42.1

WOMEN

Percentage with NI benefit exhausted by duration of incomplete spell

DURATION	1979	1980	1982	1983	1984	1985	1986	1987	1988
1 WEEK	2.5	2.8	5.4	6.2	6.5	7.0	7.5	6.5	7.8
2-3 WEEKS	3.8	3.4	5.8	5.8	5.8	6.3	6.2	5.5	6.4
4-6 "	3.9	2.6	5.6	4.9	4.8	5.5	5.4	6.1	6.5
7-9 "	5.3	2.2	5.5	5.9	4.8	5.2	5.9	5.7	7.1
10-13 "	5.2	4.2	4.8	5.2	4.1	5.2	5.4	6.7	6.8
14-26 "	7.2	4.5	7.3	7.0	6.5	6.4	6.8	7.5	7.4
27-39 "	9.6	6.8	9.1	7.6	8.1	7.2	7.6	7.7	8.5
40-52 "	13.7	11.5	11.2	11.0	10.5	10.1	10.5	9.8	10.5
> 52 "	59.3	59.8	58.6	55.5	53.1	54.7	54.2	51.7	49.6
All Durations	14.4	11.7	18.1	19.4	20.2	21.5	21.4	21.1	20.2

Source: Unpublished Department of Social Security UBS3 data

Appendix

The data used in this paper are drawn from unpublished tabulations produced internally within the Department of Social Security. These tabulations are based on two regular analyses of the benefit position of the stock of unemployed claiming benefits. The first of these, known as the UBS2 return, is conducted quarterly (in February, May, August and November) and is based on all claimants. Data from this source form the basis for figures given in the text of the Introduction and for Figures 1 and 2, the figures for each year being calculated using the quarterly data (it should be noted that proportion receiving benefit in each year in Figure 1 has been calculated as the average number of recipients divided by the average number of unemployed, and not as the average of quarterly proportions). Data are missing for the following counts: February 1974, November 1976, May, August, November 1981, May, August, November 1984, February, May, August, 1985.

The second regular source of data is the count, known as the UBS3 return, conducted twice-yearly (in February and November) of 5% of unemployed benefit claimants. DSS tabulations based on these data are the principal source drawn on in this paper and were used to construct Figures 3 and 5-11 and Tables A1-A5. It is this source which contains information on the reasons for non-receipt of UI. Again, no count was held at each of the dates listed above, with the exception of November 1984 and May 1985. This means that no information on the reason for non-receipt is available for 1981. In all the Figures and Tables drawing on these 5% counts, the data for the two counts per year have been combined to produce annual figures, except in the case in 1984 when only the November data are available.

Figure 4 is based on Table 40.13 from Social Security Statistics (various years).

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